

# MOTOR FUELS UPDATE

DEPARTMENT OF REVENUE



Volume 12, Edition 2

Semiannually

October 2003

## Thank you!

During the past 13 years there have been many changes in reporting Nebraska motor fuels tax, including the introduction of dyed diesel, electronic filing, and EFT payments. As an industry, you have recommended, adopted and set in place these changes with a very positive attitude. This has greatly improved our ability to ensure the proper collection of Nebraska fuel taxes.

One group deserving special recognition is the Nebraska Motor Fuels Tax Advisory Group. This group's profound understanding of your industry, willingness to address current concerns and offer suggestions, and act as a "sounding board" for our suggestions, helps ensure our continuing success. The members of this group serve on a voluntary basis. They are not reimbursed for time or travel expenses. The current members of this group are:

*Robert Anderson, Nebraska Cooperative Council;*

*Vic Hannan, Lincoln Products Terminal;*

*Rolf Hanson, Iowa/Nebraska Petroleum Council;*

*Mike Hybl, Nebraska Trucking Association;*

*Virgil Jobman, Jurgens Oil Co. Inc.;*

*Tim Keigher, Nebraska Petroleum Marketers;*

*Tom Lippincott, Nebraska Iowa Supply;*

*Ron Preston, Firth Cooperative Co.;*

*Bernie Raiter, Sapp Bros Petroleum;*

*Denny Riekenbert, United Farmers Coop; and*

*Michelle Swertzic, Propane Gas Association of NE.*

As changes are introduced, please continue to review them and provide input to the Motor Fuels Division or to any of these individuals.

I	N	S	I	D	E
■ <b>Refund Claims</b>			■ <b>EFT Payments vs. Check Payments</b>		
■ <b>Audits</b>			■ <b>Motor Fuels Employee of the Year</b>		
■ <b>Dyed Fuel Assessments</b>			■ <b>Reminder! Separately State Nebraska Fuel Tax</b>		
■ <b>Ethanol Production Credit</b>					

## PROGRESS REPORT

### Refund Claims

This table shows refund claims processed during the period of **July 1, 2002 through June 30, 2003**.

During this period, we processed **1,562 claims** resulting in **total refunds of \$2,118,884**. During the same period in the previous fiscal year, we processed **1,480 claims** resulting in total refunds of **\$1,782,015**.

DOLLAR AMOUNT REFUNDED					
	Gas/Gasohol	PRF	Diesel	Aircraft	Total
Agriculture Related	\$0	\$0	\$64,644	\$0	<b>\$64,644</b>
Agriculture, Form 84AG	0	0	423,633	0	<b>\$423,633</b>
Blending Error (contaminated fuel)	1,206	22	7,473	0	<b>\$8,701</b>
Construction	0	0	316,657	0	<b>\$316,657</b>
Equipment (loader, etc)	0	0	109,656	0	<b>\$109,656</b>
Ethanol Production	0	144,179	0	0	<b>\$144,179</b>
Exported Fuel	7,741	13,256	4,716	0	<b>\$25,713</b>
Federal Government	247,061	7,651	70,197	11,502	<b>\$336,411</b>
Government (nonhighway)	0	0	81,517	0	<b>\$81,517</b>
Motor Vehicle Fuels Used as Aviation	665	0	0	0	<b>\$665</b>
Native American	85,737	0	1,429	0	<b>\$87,166</b>
Reefer	0	0	276,281	0	<b>\$276,281</b>
Sand & Gravel, etc.	0	0	108,360	0	<b>\$108,360</b>
Tax Paid in Error	116,996	1,338	0	0	<b>\$118,334</b>
Other	0	0	16,967	0	<b>\$16,967</b>
<b>Totals</b>	<b>\$459,406</b>	<b>\$166,446</b>	<b>\$1,481,530</b>	<b>\$11,502</b>	<b>\$2,118,884</b>

### Audits

These tables summarize the audits completed in the last five years. During the last fiscal year, we conducted several audits which found that the taxpayers had significantly over reported their tax liabilities, resulting in credit assessments.

NOTE: These numbers do not include audits of the ethanol producer's credit program.

TAX ASSESSED BY FISCAL YEAR						NUMBER OF AUDITS BY TAX PROGRAM BY FISCAL YEAR					
Tax Program	98/99	99/00	00/01	01/02	02/03	Tax Program	98/99	99/00	00/01	01/02	02/03
Consumers Use	\$0	\$22,271	\$0	(\$1,321)	<b>(\$26,804)</b>	Consumers Use	0	1	0	4	<b>16</b>
Liquid Fuel Carriers	0	0	0	0	<b>0</b>	Liquid Fuel Carriers	3	3	3	5	<b>3</b>
Motor Vehicle Fuels	230,231	117,078	23,499	299,688	<b>71,875</b>	Motor Vehicle Fuels	54	46	45	54	<b>48</b>
PRF	(4,643)	18,426	(38,408)	74,509	<b>(55,104)</b>	PRF	30	31	25	28	<b>26</b>
Aircraft Fuels	4,460	357	180	(314)	<b>147</b>	Aircraft Fuels	4	9	4	7	<b>6</b>
Compressed Fuels	15,437	1,854	26,893	761	<b>2,499</b>	Compressed Fuels	27	16	22	22	<b>17</b>
Terminals	0	0	0	0	<b>0</b>	Terminals	0	3	0	0	<b>0</b>
Gas Tax Credit	(64,247)	(8,636)	(650)	46,098	<b>3,193</b>	Gas Tax Credit	5	8	4	6	<b>6</b>
Retailers	13,341	0	0	(1,253)	<b>5,919</b>	Retailers	11	8	7	3	<b>10</b>
Sp Fuels/Diesel	120,946	67,230	7,161	149,666	<b>(34,337)</b>	Sp Fuels/Diesel	65	51	50	64	<b>54</b>
<b>Totals</b>	<b>\$315,525</b>	<b>\$218,580</b>	<b>\$18,675</b>	<b>\$567,834</b>	<b>(\$32,612)</b>	<b>Totals</b>	<b>199</b>	<b>176</b>	<b>160</b>	<b>193</b>	<b>186</b>

### Annual Stats

This table shows the gallons and dollars reported on taxpayer returns. It does not reflect refunds, audits, etc.

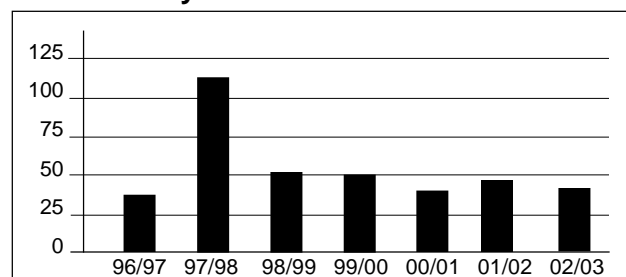
Year	GASOLINE & GASOHOL		DIESEL	
	Gallons	Tax	Gallons	Tax
<b>1992</b>	756,633,169	\$167,247,079	204,081,641	\$47,123,036
<b>1993</b>	780,044,137	180,456,542	218,053,008	51,580,674
<b>1994</b>	756,064,292	178,484,240	228,490,205	55,638,287
<b>1995</b>	825,530,818	195,946,147	248,461,579	59,863,691
<b>1996</b>	823,709,762	205,852,173	257,268,846	65,652,081
<b>1997</b>	836,837,567	202,761,093	288,032,081	71,182,594
<b>1998</b>	855,601,075	196,488,973	316,847,281	74,253,585
<b>1999</b>	868,961,738	198,821,480	342,368,345	79,935,573
<b>2000</b>	870,394,963	202,342,801	343,393,346	81,673,891
<b>2001</b>	869,851,617	203,695,765	351,660,872	84,745,317
<b>2002</b>	<b>889,407,852</b>	<b>210,140,411</b>	<b>357,685,138</b>	<b>87,110,418</b>

### Dyed Fuel Assessments

This graph reflects the number of dyed fuel assessments issued each fiscal year. **During fiscal year 2002/2003, the total number of inspections was 4,780, resulting in 40 assessments.**

The amount of the penalty assessed by the State of Nebraska ranges from \$250 to \$2,500, depending upon the number of violations incurred over a five-year period. Each violation is also subject to an additional \$1,000 penalty that can be issued by the Federal Internal Revenue Service.

Dyed Fuel Assessment



## PROGRESS REPORT (CONT.)

### Ethanol Production Credit

Our refund section also processed claims for the Nebraska Ethanol Production Credit. These monthly claims establish the amount of the production credit earned by the ethanol producers and assigned by them to the various Nebraska motor vehicle fuels tax licensees.

Ethanol production in Nebraska had dramatically increased in 1995-1997.

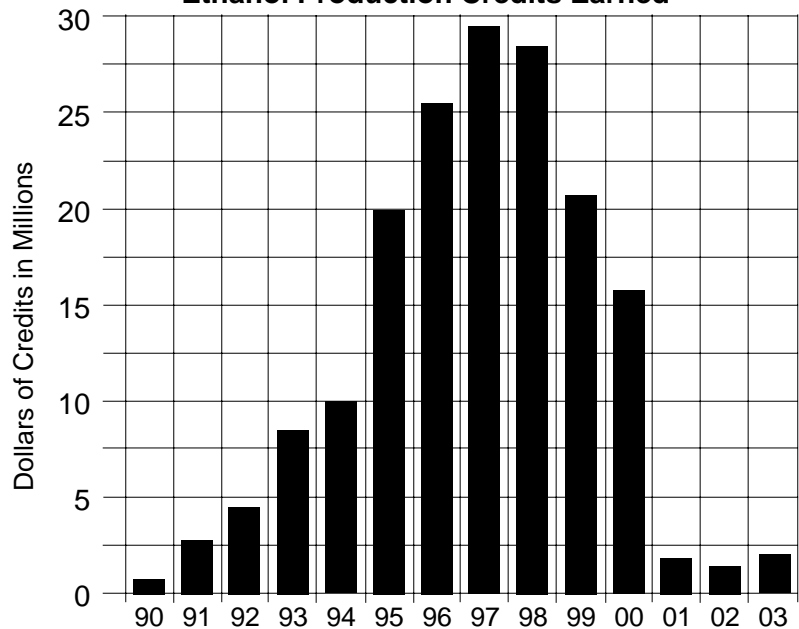
**There are currently seven ethanol plants in production in the state.**

Through December 31, 2000, ethanol producers could qualify to receive a 20-cent per gallon credit on a maximum of 25 million gallons of ethanol produced in Nebraska each year. Certain plants are also eligible for a 7.5-cent per gallon credit for production occurring from June 2000 through December 2003.

During the 2001 legislative session, the passage of LB536 created an 18-cent per gallon credit, which is available from January 2002 through June 2012. As shown on the graph, the corresponding credits have grown from just over \$1,000,000 in 1990 to a

peak of just under \$30,000,000 in 1997, and then declined as some ethanol plants reached the end of their eligibility period. However, as new plants start producing and earning credits under LB536, the total credits issued will start to rise again.

**Ethanol Production Credits Earned**



### EFT PAYMENTS VS. CHECK PAYMENTS

Remitting Nebraska fuel tax via electronic funds transfer (EFT) versus a conventional check has several advantages.

- ✓ Once you have prepared your return, you can immediately transmit it by EDI while “warehousing” your payment until the due date of that payment. “Warehousing” simply means you notify your financial institution as to when the funds should be transferred. This allows you to avoid having to worry about forgetting to prepare and mail the check.
- ✓ EFT saves the banks and our department time and expense involved in handling a paper check.
- ✓ EFT also avoids the possibility of the check being lost and provides excellent records on the payment.

If you are currently remitting your fuel taxes by check, please consider EFT payments. For additional information, contact your account representative.

**Congratulations!**

**Rick Kitten** was honored as the **Motor Fuels Employee of the Year**. Rick is an auditor assigned to the Lincoln audit staff. Rick was recognized for his excellent planning and organizational skills. He demonstrates excellent oral and written communications. During the past year Rick provided key training to numerous auditors, revenue agents, was an active member of two committees and provided consistency in audits of the ethanol producers. This is the second time Rick has been honored as the Motor Fuels Employee of the Year.



## REMINDERS!

### SEPARATELY STATE NEBRASKA FUEL TAX

Motor fuels tax auditors and representatives are seeing sales and purchase invoices that do not comply with Nebraska statute 66-717. The statute requires that all suppliers, distributors, wholesalers, and importers selling tax-paid fuel for resale must include on all invoices or other billing documents, either the amount of the fuel tax or a statement that the Nebraska fuel taxes have been paid. Failure to provide this information subjects the purchaser to liability for the tax.

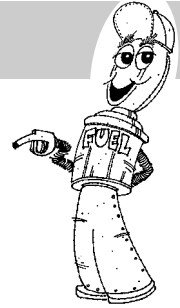
When records are being reviewed, it is difficult to determine if the billing price includes the Nebraska fuel tax. This is especially difficult with extreme fluctuations in fuel prices.

### WEB SITE UPDATES AUTOMATICALLY SENT

By entering your e-mail address in our "Motor Fuels Subscription Service" portion of our Web site, you will automatically be sent a notification when a newsletter, fuel tax rate, or other information is updated.

## MOTOR FUELS TAX

The Nebraska motor fuels tax for **July 1, 2003** through **December 31, 2003** is **24.6 cents** per gallon.



## FOR MOTOR FUELS TAXPAYER ASSISTANCE

Call your account representative or toll free **1-800-554-FUEL (1-800-554-3835)**.

Lincoln residents call **471-5730**.

For **\*TT (Text Telephone)**, dial **1-800-382-9309**.



**\*Telecommunication Device for the Deaf (TDD)** is designated by the use of **"TT,"** which is consistent with the Americans with Disabilities Act.

## OR CONTACT:

**Motor Fuels Division**  
**301 Centennial Mall South**  
**P.O. Box 98904**  
**Lincoln, NE 68509-8904**

[www.revenue.state.ne.us/fuels](http://www.revenue.state.ne.us/fuels)

*If you have received a duplicate mailing or would like to subscribe, please call 1-800-554-3835*

State Tax Commissioner  
Mary Jane Egr  
Motor Fuels Administrator  
Janet Lake

*Subscriptions are free*

Published Semiannually by the  
Motor Fuels Division  
P.O. Box 98904  
Lincoln, NE 68509-8904



Lincoln, Nebraska 68509-8904

P.O. Box 98904

PRSRT STD  
U.S. POSTAGE  
PAID  
LINCOLN, NE  
PERMIT NO. 212